

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6801

BILL NUMBER: HB 1286

NOTE PREPARED: Dec 28, 2008

BILL AMENDED:

SUBJECT: Gaming in Taverns.

FIRST AUTHOR: Rep. Van Haaften

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: The bill withdraws the authorization provided by HEA 1153-2008 for winner-take-all drawings conducted by qualified organizations. It replaces the authorization in HEA 1153-2008 for raffles and winner-take-all drawings in taverns with authorization to conduct qualified drawings. It also specifies the manner in which qualified drawings may be conducted.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues: *Charitable Gaming Organizations:* The bill eliminates the authority for a charitable organization holding a PPT (pull tabs, punchboards, and tip boards) license to also conduct winner-take-all drawings. The impact of this change is indeterminable.

Gaming at Taverns: The bill eliminates the authority for taverns with a Type II gambling endorsement to conduct raffles and winner-take-all drawings. Instead, the bill authorizes taverns that conduct Type II gambling to conduct daily, weekly, and monthly random drawings (defined as “qualified drawings”) under which all the amounts wagered are paid out in prizes. The bill provides for a \$300 prize limit for daily, weekly, and monthly drawings. In addition, the tickets for the drawings must be purchased from a licensed distributor of such products. The bill excludes the receipts from tickets sold for qualified drawings from the tavern owner’s gross receipts for purposes of the annual fee for the Type II gambling endorsement. The bill also exempts the tickets purchased by the retailers for the qualified drawings from Type II gambling excise tax. The changes involving winner-take-all drawings will have no revenue impact, as wagers on winner-take-all drawings and sales of drawing tickets are not part of the base for computing either the endorsement fee

or the excise tax under current statute. The impact of eliminating the authority for taverns to conduct raffles is indeterminable.

Background Information - Current statute allows tavern owners with an endorsement on their retail alcohol beverage permit to conduct Type II gambling games. FY 2009 is the first year for Type II gambling operations by taverns and as of December 18, 2008, 1,105 Type II gambling endorsements had been issued by the Alcohol and Tobacco Commission. Type II gambling games are pull tab (ticket or card), punchboard, or tip board games. Taverns with the Type II gambling endorsement also can hold raffles and winner-take-all drawings. The initial retailer's endorsement fee is \$250. The annual renewal endorsement fee for a retailer is determined on a fee schedule ranging from \$50 to \$26,000 depending on the adjusted gross revenue (AGR) generated by the retailer from Type II gambling games and raffle ticket sales in the preceding year. Wagers on winner-take-all drawings are not included in the retailer's adjusted gross revenue for purposes of imposing the endorsement fee. Current statute also imposes an excise tax of 10% on the price paid by retailers for the purchase of Type II gambling games from a licensed distributor or manufacturer. However, current statute does not require tavern owners to obtain drawing tickets from a licensed distributor or manufacturer, which sales would be subject to the excise tax.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Alcohol and Tobacco Commission.

Local Agencies Affected:

Information Sources: Beth Coffman, Alcohol and Tobacco Commission, 317-234-6520.

Fiscal Analyst: Jim Landers, 317-232-9869.